

SUMMARY ANALYSIS OF AMENDED BILL

Author: Walters Analyst: Deborah Barrett Bill Number: AB 2786
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: August 7, 2006
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Domestic Service Wages and Withholding Reported On Employer's Tax Return

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS /AMENDED April 3, 2006, STILL
☒ APPLIES.

OTHER – See comments below.

SUMMARY

This bill would allow employers to withhold and report domestic service employee income on the employer's tax return filed with the Franchise Tax Board.

SUMMARY OF AMENDMENTS

The August 7, 2006, amendments add reporting requirements to EDD by employers of domestic service employees. The August 7, 2006, amendments reduce the Fiscal Impact of this bill's provisions to the department and are discussed in this analysis. The remainder of the department's analysis of this bill as amended April 3, 2006, still applies.

POSITION

Pending.

Board Position:

_____ S _____ NA _____ NP
 _____ SA _____ O _____ NAR
 _____ N _____ OUA ☒ PENDING

Legislative Director

Date

Brian Putler

8/17/06

Summary of Suggested Amendments

Amendment 1 is provided to suggest appropriation language to fund the department's costs.

FISCAL IMPACT

Implementing this bill would require changes to existing tax forms, require system and application reprogramming and testing, and require additional storage and processing costs for the department. Annual reporting to EDD reduces the fiscal impact of this bill. The department estimates first year implementation costs of \$527,486 with ongoing annual operating costs of \$189,250 to administer the provisions of this bill. Amendment 1 is provided to suggest appropriation language to fund the department's costs.

LEGISLATIVE STAFF CONTACT

Deborah Barrett
Franchise Tax Board
(916) 845-4301
Deborah.barrett@ftb.ca.gov

Brian Putler
Franchise Tax Board
(916) 845-6333
brian.putler@ftb.ca.gov

Analyst	Deborah Barrett
Telephone #	845-4301
Attorney	Patrick Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 2786
As Amended August 7, 2006

AMENDMENT 1

On page 28, after line 13, insert:

SEC. 19. The sum of five hundred twenty seven thousand four hundred eighty six dollars (\$527,486) is hereby appropriated to the Franchise Tax Board in augmentation of item 1730-001-0001 of the Governor's Budget, Chapter 47, Statutes of 2006.